

Background

Consumers are often confused by the various charges and items on their monthly telephone bills. The Federal Communications Commission's (FCC) Truth-in-Billing rules require telephone companies to provide clear, non-misleading, plain language in describing services for which you are being billed. Because one telephone company, usually your local telephone company, may include charges you incurred for another company's service on your bill, the company sending you the bill must identify the service provider associated with each charge. If a bill contains charges in addition to basic local service, it must distinguish between charges for which non-payment will result in disconnection of basic local service, and charges for which non-payment will not result in disconnection. Telephone companies must also display, on each bill, one or more toll-free numbers that you can call to ask about or dispute any charge on the bill.

Here is a detailed description of some of the charges or line items that may appear on your traditional wireline telephone bill, your wireless telephone bill, or both.

Charges on Both Wireline and Wireless Telephone Bills

Access Charges

- Access charges are fees charged subscribers or other telephone companies by a local telephone company for the use of its local network.
- The FCC allows local telephone companies to bill customers for a portion of the costs of providing access. **These charges are not a government charge or tax.** The maximum allowable access charges per telephone line are set by the FCC, but local telephone companies are free to charge less. Access charges for second or additional lines at the same residence are higher than the charges for the primary line. These charges can be described on your telephone bill as "Federal access charge," "Customer or Subscriber Line Charge," "Interstate Access Charge," etc.

- State public service commissions regulate access charges for intrastate (within a state) calls. In some states, a state subscriber line charge may appear on customer bills.

Federal Excise Tax

- The Internal Revenue Service (IRS) recently decided that telephone companies should stop collecting a three percent tax imposed on bundled local and long distance service, and long distance service, billed after July 31, 2006. The IRS decided the tax should no longer be collected because Congress applied the tax to telecommunications services *for which charges varied by time and distance* when it was imposed in 1898. Today, many individuals and businesses have bundled local and long distance calling plans, or subscribe to wireless service plans that base charges on the length, but not the distance, of the call. Therefore, many courts ordered the IRS to refund taxes collected from such customers that sued to recover them.

The IRS has now decided to credit or refund the taxes paid after February 28, 2003, and before August 1, 2006, by all subscribers with such plans, beginning with the filing of 2006

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Charges on Both Wireline and Wireless Telephone Bills (cont'd.)

tax returns in 2007. Individual taxpayers filing for credits or refunds will be able to obtain, with interest, either the amount of tax they actually paid (assuming they have bills to show the actual amount), or a “safe harbor” amount determined by the IRS. The safe harbor amounts set by the IRS based on usage patterns range from \$30 for taxpayers claiming a single exemption to \$60 for taxpayers claiming four exemptions. The IRS is looking at ways that businesses and nonprofits can estimate their refunds, or they can base their refunds on amount paid if they have bills to show the amount. The IRS will provide more information on claiming the refund on 2006 tax forms, and is creating a short form for individuals who don't file tax returns to claim the refund. For more information on the refund, call your local IRS office, or visit www.irs.gov.

Subscribers must still pay the tax on local service if it is separately billed.

State & Local Taxes

- These taxes are imposed by state, local, and municipal governments on goods and services. They may also appear as “gross receipts” taxes on your bill.

Universal Service Charges

- The Universal Service Fund (USF) provides support to promote access to telecommunications services at reasonable rates for those living in rural and high-cost areas, income-eligible consumers, rural health care facilities, and schools and libraries.
- All telephone companies that provide service between states and internationally, including wireless companies, must contribute a percentage of their revenues derived from these services to the USF. Some states

Charges on Both Wireline and Wireless Telephone Bills (cont'd.)

impose similar requirements for revenues derived from intrastate services.

- Although not required to do so, many service providers choose to pass their contribution costs to the USF on to their customers in the form of a line item on customer bills, often called the “Federal Universal Service Fee” or “Universal Connectivity Fee.” The charges on bills may not exceed the provider's actual cost of contributing to the USF.

911, LNP and TRS Charges

- **911** – Charge imposed by local governments to help pay for emergency services such as fire and rescue.
- **Local Number Portability (LNP)** – Fixed, monthly charge assessed by local telephone companies to recover certain costs for providing telephone number portability. Telephone number portability allows residential and business customers to retain, at the same location, their existing local telephone numbers when switching from one telephone service provider to another. This charge is not a tax.
- **Telecommunications Relay Service** – Charge to help pay for the relay center that transmits and translates calls for people with hearing or speech disabilities.

Other Charges

- **Directory Assistance** – Any charges for placing 411 or (area code) 555-1212 directory assistance calls.
- **Monthly Calling Plan Charge** – Charge applicable to any monthly calling plan such as unlimited long distance calling on your wireline bill or unlimited minutes on your wireless bill.

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Charges on Both Wireline and Wireless Telephone Bills (cont'd.)

- **Operator Assisted Calls** – Charges for any calls connected by an operator. Rates for these calls generally are higher than rates for unassisted calls.
- **Features Charges** – Both wireline and wireless telephone companies offer features such as call forwarding (transferring incoming calls to another telephone number); three-way calling (holding an incoming call, placing a call to a second number, and allowing three parties to participate); call waiting (providing a signal during an ongoing call to notify that another party is calling the subscriber); and Caller Identification (Caller ID) (allowing the subscriber to view the telephone number of an incoming call on a display screen). Non-listed or non-published numbers may be displayed unless the non-listed or non-published subscriber requests that they not be.
- **Voice Mail** – This service takes messages much like an answering machine.

Charges Only on Your Wireline Telephone Bill

- **Minimum Monthly Charge** – A minimum monthly charge assessed by some long distance companies even if you don't make long distance calls.
- **"Single Bill" Fees** – Charge for combining local and long distance charges onto one bill. This fee is not mandated by the FCC and is not an FCC charge. Some companies waive the fee for customers who pay bills online or by credit card. Customers can avoid the charge by arranging for separate billing from their long distance telephone company.

Charges Only on Your Wireless Telephone Bill

Airtime Charges

- Airtime charges are per-minute charges for the time you spend talking on your wireless telephone. Some wireless providers round fractions of minutes to the next highest one, two, or three minutes. For example, if you talk 22 minutes and 28 seconds, it will be counted as 23 minutes for a 1-minute increment plan and 24 minutes for a 2-minute increment plan.

Roaming Charges

- Roaming charges require you to pay for using your wireless telephone outside of the "home" service area as defined by your service provider in your service plan or contract.
- Wireless providers typically charge higher per-minute rates for calls made or received while roaming. They may also apply additional fees, such as a daily access fee.

911 Charges

- Enhanced 911 or E911 service enables wireless telephones used to dial 911 to automatically transmit the caller's geographic position to emergency responders. Wireless service providers are improving their networks to provide E911 capability according to a schedule established by the FCC. The specific requirements and schedules can be found on the FCC Web site at www.fcc.gov/911/enhanced.
- Wireless service providers may choose to pass their costs of providing E911 service on to their customers and this charge may be described as an E911 charge on your wireless telephone bill.

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Charges Only on Your Wireless Telephone Bill (cont'd.)

Text Messaging

- This service allows sending of short messages, usually less than one hundred characters in length. Subscribers can be charged either a per-message fee or a flat, monthly fee for unlimited messaging.

Downloading Fees

- These are fees charged for downloading options offered by your wireless service provider, such as ring tones, or, if your service plan includes Internet access, any fees for downloading data from the Internet.

Detailed Billing

- This service provides detailed information such as date, time, duration, type of call (incoming or outgoing), number called, or calling party, for each call.

Billing Complaints

If neither the company sending you the bill nor the company that provided the service in question will remove charges from your telephone bill that you consider to be incorrect, you can file a complaint as follows:

For charges related to telephone services between states or internationally, you can file a complaint with the FCC. File your complaint via the Internet at:

www.fcc.gov/cgb/complaints_general.html, or in writing, by telephone, or by e-mail at:

Federal Communications Commission
Consumer & Governmental Affairs Bureau
Consumer Inquiries and Complaints Division
445 12th Street, SW
Washington, D.C. 20554.

Phone: 1-888-CALL-FCC
(1-888-225-5322)

TTY: 1-888-TELL-FCC (1-888-835-5322)

E-mail: fccinfo@fcc.gov

Billing Complaints (cont'd.)

Include the following information in your complaint:

- **a telephone number where** you can be reached during the business day;
- **your name, address, and the telephone number** or numbers involved with your complaint;
- **specific information** about your complaint that describes the dispute in detail, including the names of **all** companies involved;
- **names and telephone numbers** of any company representatives that you contacted;
- **the date** you spoke with these representatives, and any other information that would help process your complaint;
- **a copy of any bill(s)** that relate to the dispute; and
- **the type of resolution** you are seeking, such as a credit or refund or a clearer explanation of the charge(s).

For charges for telephone-related services provided within your state, you should contact your state public service commission. Contact information for your state public service commission can be found at www.naruc.org, or in the blue pages or government section of your local telephone directory.

For charges on your telephone bill for non-telephone-related services, file your complaint with the Federal Trade Commission (FTC). Call 1-877-FTC-HELP, or use the FTC's online complaint form at

[https://rn.ftc.gov/pls/dod/wsolcq\\$.startup](https://rn.ftc.gov/pls/dod/wsolcq$.startup).

For more information about charges on your telephone bill, contact the FCC's Consumer Center at 1-888-CALL-FCC (1-888-225-5322) voice, 1-888-TELL-FCC (1-888-835-5322) TTY, or visit the Consumer & Governmental Affairs Bureau Web site at www.fcc.gov/cgb.

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To receive information on this and other FCC consumer topics through the Commission's electronic subscriber service, click on <http://www.fcc.gov/cgb/contacts/>.

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